

**STATEMENT OF PROCEEDINGS FOR THE
REGULAR MEETING OF THE
CITY OF HUNTINGTON PARK OVERSIGHT BOARD**

**CITY OF HUNTINGTON PARK
CITY COUNCIL CHAMBERS
6550 MILES AVENUE
HUNTINGTON PARK, CALIFORNIA, 90255**

Wednesday, July 18, 2012

3:30 PM

AUDIO LINK FOR THE ENTIRE MEETING. (12-3718)

Attachments: [Audio](#)

I. CALL TO ORDER

The meeting was called to order at 3:57 p.m. by Chair Guerrero.

II. ROLL CALL

Present: Chair Elba Guerrero, Board Member Eduardo Adame, Board Member Yolanda Duarte, Board Member Luis Buendia, Board Member Richard Verches and Board Member Albert Fontanez

Absent: Vice Chair Michelle Cervera

III. ADMINISTRATIVE MATTERS

1. Recommendation: Approve the Statement of Proceedings for June 27, 2012. (12-3286)

On motion of Board Member Verches, seconded by Board Member Fontanez, this item was approved.

Ayes: 6 - Chair Guerrero, Board Member Adame, Board Member Duarte, Board Member Buendia, Board Member Verches and Board Member Fontanez

Absent: 1 - Vice Chair Cervera

Attachments: [Statement of Proceedings for June 27, 2012](#)

IV. DISCUSSION ITEMS

2. Recommendation: Review and approve the Successor Agency Administrative Budget and Project Delivery Costs for the January 1, 2012 to June 30, 2012 ROPS. (Continued from the meetings of 5-3-12, 5-17-12, 6-7-12 and 6-27-12) (12-1899)

Board Member Verches requested that Agenda Item # 2 be deferred until after discussion of Agenda Item # 3, 4, and 5.

On motion of Board Member Verches, seconded by Board Member Fontanez, Agenda Item #2 was tabled following discussion of Agenda Item #5, with the following vote:

Ayes: 6 - Chair Guerrero, Board Member Adame, Board Member Duarte, Board Member Buendia, Board Member Verches and Board Member Fontanez

Absent: 1 - Vice Chair Cervera

Jack Wong, Community Development Director, and Fernanda Palacios, Project Manager, requested that the review and approval of the Administrative Budget for July 1, 2012 through December 31, 2012 be added to Agenda Item #2.

On motion of Board Member Verches, seconded by Board Member Fontanez, Agenda Item #2 was amended to include the approval of the Administrative Budget for July 1, 2012 through December 31, 2012 with the following vote:

Ayes: 6 - Chair Guerrero, Board Member Adame, Board Member Duarte, Board Member Buendia, Board Member Verches and Board Member Fontanez

Absent: 1 - Vice Chair Cervera

Jack Wong, Interim Community Development Director, provided an overview of the administrative costs presented to the Board. He also informed the Board that there is a co-op agreement with the City of Huntington Park that he would like to present for consideration at the next meeting.

Board Member Verches stated that he will support the allocation of the legal services budget in the amount of \$17,000 and added that the legal counsel for the Oversight Board will be a different firm than the legal counsel for the City.

Board Member Buendia voiced his concerns on the overall issue that the Successor Agency has no funds to make payments for its obligation. Mr. Wong stated that he recognized the concerns and suggested if it is possible for the Board to modify the approval of the administrative budget.

Board Member Duarte stated the Administrative Budget did not reflect real time or real cost and that there is no backup or supporting documents to substantiate the amount. She suggested that the Board provides documentation to support the number for clarification. Chair Elba proposed to have additional administrative function in order to track down the work done and to come up with the exact amount. Board Member Adame also requested a break down or documentation that supports the figures. City staff Fernanda said that she will provide the Board copies of the staff report.

Mary Strenn, Interim City Manager, informed the Board that the City is currently facing a tight administrative budget issues. She said that the staff present at the meeting is all the staff left for the Successor Agency and they also have other duties. Ms. Strenn also stated that since the City chose to be a Successor Agency, they are committed do a good job to support its functions even though there is no budget for it. She added that if the budget does not pass what the City does not know what will happen in the next six months.

Jack Wong, Interim Community Development Director, suggested that the Board prioritize the order of payments in the Recognized Obligation Payment Schedules to be paid in the following order: 1. debt, 2. contractual obligations, and 3. administrative costs.

On motion of Board Member Fontanez, seconded by Board Member Verches, the Administrative Budget for January 1, 2012 through June 30, 2012 was approved with the following vote:

Ayes: 6 - Chair Guerrero, Board Member Adame, Board Member Duarte, Board Member Buendia, Board Member Verches and Board Member Fontanez

Absent: 1 - Vice Chair Cervera

On motion of Board Member Fontanez, seconded by Board Member Verches, the Board approved the Administrative Budget for July 1, 2012 through December 31, 2012 with the amendment to remove the "Payment Priority" column, with the following vote:

Ayes: 6 - Chair Guerrero, Board Member Adame, Board Member Duarte, Board Member Buendia, Board Member Verches and Board Member Fontanez

Absent: 1 - Vice Chair Cervera

Attachments: [Staff Report](#)

3. Request the Successor Agency to provide documentation of all encumbered and unencumbered Low and Moderate Housing Funds, with the Successor Agency to incorporate these findings with the Administrative Budget and provide supporting documents, as requested by Vice Chair Cervera at the May 17, 2012 meeting. (Continued from the meetings of 5-3-12, 5-17-12, 6-7-12 and 6-27-12) (12-1897)

Elba Padilla, Director of Finance presented an overview of the Staff Report and supporting documents distributed to the Board. She stated that the Successor Agency did have an audit of their documentation and bank statements, and provided the Board with a draft of the findings, which will be submitted to State Auditor-Controller and Department of Finance during the week. In response to Chair Guerrero's inquiry on the amount of the City's deficit, Ms. Padilla stated that the City has about \$5 million in Bond payments due in September, and the City has the reserve funds to pay the Bonds, but the Agency has to replenish the amount.

Jack Wong, Interim Community Development Director, added that the Agency will not need to use the entire amount of the reserve for payment due in September. He also stated that the City made a \$2.5 million payment to County, and the City is technically in default.

Board Member Verches inquired about the balance on the Low Mod Housing Fund of \$1.6M. Ms. Padilla explained that since the City has opted not to be the Housing Successor Agency, the cash available as of January 2012 is not part of the Successor Agency cash out. The cash available goes back to the City.

Ms. Padilla responded on the questions posed by the Board regarding the \$2.7M encumbered for the Middleton project that is due on the January - June 2012 Recognized Obligation Payment Schedule (ROPS). Ms. Padilla explained that although the fund is restricted, the City has other debt obligations to pay by the end of June. As of July 12, 2012, the fund will be restricted for the project that is currently under construction.

Board Member Buendia questioned if the calculations had been approved by the Board and if the Successor Agency has to change the ROPS because of the disputed amount. Ms. Padilla replied that currently the Department of Finance (DOF) is not accepting amendments to the ROPS. Board Member Verches requested that the members of the Board be notified of any changes on the ROPS since the Board has the responsibility of approving them. Jack Wong, Interim Community Development Director, added that waiting would have incurred steep fines not only to Successor Agency but to the City. Chair Guerrero requested that Staff notify the Board in advance if such items arise in the future.

Board Member Duarte requested clarification on how the total due to the County Auditor/Controller's of \$2.5 million was calculated. Mr. Wong shared the Demand for Payment Letter from the County Auditor/Controller (CAC), including a breakdown of the amount of the payment, a copy of the appeal letter to the county, and a copy of the payment check. Mr. Wong also stated that after the CAC made the calculations, they quickly dispersed the funds within 5 days of the receipt on July 16, 2012.

Board Member Verches questioned the impact on the staffing of the Successor Agency if there is no fund available to pay the staff. Elba Padilla replied that currently there is not enough to pay for the services. However, the administrative budget is approved even though there is no money. Board Member Fontanez asked if the Successor Agency has the right to dissolve if staffs are not getting paid. Mr. Wong replied that it is not possible at the present time and reminded the Board that the Successor Agency is committed to continue to perform its duty even there is no budget for staff.

By Common Consent, there being no objection, (Vice Chair Cervera being absent), the Board received and filed the report.

Attachments: [Staff Report for Agenda Item Nos. 3, 4, and 5](#)

4. Report by the Successor Agency on the sufficiency of cash flow. (Continued from the meetings of 5-3-12, 5-17-12, 6-7-12 and 6-27-12) (12-1898)

Ms. Padilla provided a brief summary of the Successor Agency Cash Flow for January through June 2012. She added that the City has available cash for payment in the amount of approximately \$4.5 million. The total debt payment on the Recognized Obligation Payment Schedule, including the expenditures and encumbrances, is almost \$5 million. After all the payments are made, there will be cash shortage of approximately \$530,000. Ms. Padilla and Jack Wong, Interim Community Development Director, answered questions posed by the Board. Mr. Wong also reminded the Board that the Successor Agency is committed to continue to perform its duty even if there is no budget for staff.

By Common Consent, there being no objection, (Vice Chair Cervera being absent), the Board received and filed the staff report.

5. Request the Successor Agency to remit unencumbered fund balances to the Los Angeles County Auditor-Controller for distribution to the taxing entities, including the unencumbered balances of Low and Moderate Income Housing Funds. (Continued from the meetings of 5-3-12, 5-17-12, 6-7-12 and 6-27-12) (12-1900)

Elba Padilla, Director of Finance/City Treasurer, informed the Board that on July 9, 2012 the Successor Agency received a letter from the County Auditor-Controller demanding that the Successor Agency pay the amount of \$2,666,047.92 for the Residual Property Tax Revenue and the outstanding Pass-Through Payments listed in January 1, 2012 to June 31, 2012 ROPS. The letter stated that if the amount is not received by July 12, 2012, the Successor Agency and the City will pay a fine pursuant to AB1484. On July 12, 2012, the Successor Agency notified the Auditor/Controller that the Pass-Through payment in the amount of \$86,388 was already paid on June 26, 2012. Therefore, the amount to be remitted is only \$2,579,659.92, by deducting the \$86,388 from the original amount of \$2,666,047.92.

The City of Huntington Park Successor Agency, in compliance with the due date requirements, wrote a check to the County Auditor Controller(AC) on July 12, 2012 in the amount of \$2,579,659.92 with a note saying "under protest and subject to dispute".

On July 16, 2012, the City and the AC discussed the dispute in the calculation. However, the AC denied the request to correct the amount of \$1,981,251 for the Deferral Loan Proceeds. The Successor Agency and the City of Huntington put in a request to the Department of Finance to review the claim and correct the CAC.

remittance amount of \$598,405.50 and not \$2,579,659.92 as calculated by the The Successor Agency and the City of Huntington believed that the disputed amount will jeopardize its ability to meet its bond obligations and contractual payments listed in the approved ROPS for July 1, 2012 through December 31, 2012. Additionally, there is an anticipated shortfall of \$2.4 million to pay for the affordable housing project currently under construction.

By Common Consent, there being no objection, (Vice Chair Cervera being absent), the Board received and filed the staff report.

6. Report on AB 1484 (Committee on Budget), legislation which authorizes the establishment of redevelopment agencies in communities to address the effects of blight, and, among other things, provides that an action may be brought to review the validity of specified agency actions, findings, or determinations that occurred after January 1, 2011, within two years of the triggering event. (12-3292)

By Common Consent, there being no objection, (Vice Chair Cervera being absent), this item was taken off the Calendar.

7. Consideration of the next date, time and location for the regular meeting of the Oversight Board. (12-3287)

The next Regular scheduled meeting for the Huntington Park Oversight Board is scheduled for the August 8, 2012 at 3:00 p.m.

V. MISCELLANEOUS

8. Matters not on the posted agenda (to be presented and placed on the agenda of a future meeting). (12-3288)

There was none.

9. Public Comment. (12-3290)
There was none.

10. Adjournment. (12-3291)

The meeting was adjourned at 5:23 p.m. The next Special Meeting is scheduled for August 8, 2012 at 3:00 p.m. in City Council Chambers.